

Message Text

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ACTION EB-08

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AFDF

TREASURY FOR GAASERUD

E.O. 11652: N/A
TAGS: AFDC, EFIN, EAID
SUBJ: FEB 21 MEETING OF AFDF DIRECTORS

1. THERE FOLLOWS DISCUSSION OF SEVERAL ITEMS TO BE CONSIDERED
AT AFDF FEB 21, BOARD OF DIRECTORS MEETING. WASHINGTON MAY
WISH TO HAVE US POSITION STATED IN MEETING OF BOARD.

2. 1977 ADMINISTRATIVE BUDGET: MANAGEMENT PROPOSES A CY 1977
AFDF ADMINISTRATIVE BUDGET OF 4.18 MILLION FUA (FUA-\$1.11).
FUND BUDGET REPRESENTS A MANAGEMENT FEE REIMBURSABLE TO THE
BANK FOR USE OF BANK'S SERVICES AND FACILITIES, AS PROVIDED
UNDER ARTICLE 31 OF THE AGREEMENT ESTABLISHING FUND. FUND
IS BEING ASSESSED 41 PERCENT OF TOTAL ADMINISTRATIVE EXPENSES
OF BANK/FUND. FORMULA BASED ON ESTIMATED NUMBER OF OPERATIONS
TO BE PROCESSED BY EACH INSTITUTION DURING 1977. BUDGET
DOCUMENT MAILED TO WASHINGTON FEB 4.

3. AT WEEKLY INFORMAL MEETING OF NON-REGIONAL DIRECTORS,
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US REP SOLICITED VIEWS ON ADEQUACY OF 1977 AFDF ADMINISTRATIVE
BUDGET DOCUMENTATION. CONSENSUS OF GROUP WAS THAT WHILE
BUDGET DOCUMENT CONTAINS FEW APPARENT IRREGULARITIES, THE
DOCUMENT LACKS SUFFICIENT DETAIL TO PERMIT MEANINGFUL
ANALYSIS.

4. DIRECTORS STATED THAT DURING PREVIOUS BUDGET EXERCISES,

THEY HAVE BEEN SOMEWHAT RELUCTANT TO APPLY PRESSURE IN SEEKING EXTENSIVE BUDGET DETAIL. QUESTIONS EXIST CONCERNING LIMITS OF THE AFDF DIRECTORS' AUTHORITY VIS-A-VIS A BUDGET EXERCISE WHICH IS FORMALLY A BANK EXERCISE RATHER THAN A FUND EXERCISE.

5. NEVERTHELESS, DIRECTORS STATED INTENTION TO COMMENT ON INADEQUACY OF DOCUMENT WHEN BUDGET IS CONSIDERED AT THE FEB 21 MEETING OF BOARD. POSSIBILITY EXISTS THAT BOARD MAY SEEK TO DELAY APPROVAL PENDING PRESENTATION OF ADDITIONAL DOCUMENTATION. WASHINGTON MAY WISH TO SUPPORT VIEWS OF NON-REGIONAL DIRECTORS IN BOARD MEETING.

6. FUND'S PAYMENT OF DIRECTORS' EXPENSES: AT REQUEST OF CANADIAN DIRECTOR, AFDF DRAFT BUDGET INCLUDES 40,000 FUA TO COVER PROJECT VISIT TRAVEL EXPENSES OF FUND DIRECTORS. MANAGEMENT SOMEWHAT RELUCTANTLY AGREED TENTATIVELY TO INSERT THIS ITEM IN BUDGET, PENDING COUNSEL'S INTERPRETATION OF CHARTER. MANAGEMENT BELIEVES THIS EXPENDITURE MAY BE PRECLUDED UNDER ARTICLE 27, PARAGRAPH 8, OF FUND AGREEMENT WHICH STATES, "DIRECTORS AND ALTERNATES SHALL SERVE AS SUCH WITHOUT PAYMENT OR REMUNERATION OF EXPENSES BY THE FUND."

7. IT IS POSSIBLE THAT WITHOUT ENCOURAGEMENT, MANAGEMENT COULD ELECT TO FOREGO LEGAL OPINION IN INTEREST OF PRESERVING GOOD RELATIONS WITH NON-REGIONALS. US REP HAS THEREFORE SECURED INFORMAL AGREEMENT OF CANADIAN AND GERMAN DIRECTORS THAT THIS ITEM WILL NOT BE APPROVED BY BOARD WITHOUT BENEFIT OF LEGAL OPINION. USG MAY WISH TO OFFER INDEPENDENT INTERPRETATION OF CHARTER, WITH VIEW TOWARD CONTINGENCY USE IN LIMITED OFFICIAL USE

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BOARD MEETING.

8. A NUMBER OF NON-REGIONAL MEMBERS INTEND ACTIVELY TO PROMOTE ALTERATION OF THE CHARTER TO ALLOW THE FUND TO PAY SALARIES AND EXPENSES OF THE DIRECTORS. (AFRICAN DIRECTORS WHO SERVE CONCURRENTLY ON BOARD OF BANK AND BOARD OF FUND ARE PAID BY THE BANK IN THEIR CAPACITY AS AFDB DIRECTORS.) THE PAYMENT OF TRAVEL EXPENSES IS VIEWED AS AN INITIAL STEP IN IMPLEMENTING THIS PROPOSAL. NON-REGIONAL DIRECTORS WERE ALREADY ASSURED OF PRESUMABLY RENT-FREE SPACE IN THE NEW BANK BUILDING BY THE FORMER AFDB PRESIDENT, AND THEY INTEND TO PRESS CURRENT MANAGEMENT TO HONOR THAT COMMITMENT. (BUILDING IS SCHEDULED FOR COMPLETION IN MID-1978.) USG MAY WISH TO CONSIDER A) DESIRABILITY OF THESE PROPOSALS AND B) WHETHER OR NOT VARIOUS ELEMENTS OF PROPOSAL MUST BE VIEWED AS ONE PACKAGE REQUIRING ALTERATION OF CHARTER BY GOVERNORS OF FUND.

9. THREE WEEK RULE: AS DISCUSSED GAASERUD/HENNESEY JAN 31 TELCON, US REP PROPOSED TO NON-REGIONAL DIRECTORS THAT BOARD

ESTABLISH "THREE WEEK" RULE. UNDER SUCH A RULE, BOARD WOULD DECLINE TO CONSIDER AGENDA ITEMS FOR WHICH DOCUMENTATION HAS NOT BEEN DISTRIBUTED AT LEAST THREE WEEKS IN ADVANCE OF DATE BOARD IS SCHEDULED TO MEET. BOARD CONSIDERATION WOULD AUTOMATICALLY BE POSTPONED UNTIL NEXT REGULARLY SCHEDULED MEETING OF DIRECTORS. PROPOSAL RECEIVED UNANIMOUS SUPPORT OF DIRECTORS PRESENT.

10. DIRECTORS RECOMMENDED THAT THREE WEEK PROPOSAL BE PRESENTED ON FEB 21 AS A US INITIATIVE. IF WASHINGTON CONCURS, US REP WILL CONSULT PRIVATELY WITH MANAGEMENT AND, BARRING UNFORESEEN DETERRENTS, WILL SUBSEQUENTLY SEEK FORMAL BOARD APPROVAL. PROPOSAL WOULD OF COURSE, BE PRESENTED WITH APPROPRIATE EXPLANATION OF OPERATING DIFFICULTIES RESULTING FROM LATE DISTRIBUTION OF DOCUMENTS, AND ALSO WITH EXPRESSION OF SYMPATHY FOR PROBLEMS POLICY MAY CAUSE FOR MANAGEMENT AND BORROWERS. PROPOSAL WOULD PROVIDE FOR EMERGENCY SITUATIONS LIMITED OFFICIAL USE

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REQUIRING WAIVER OF RULE.
STEARNS

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Message Attributes

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Sent Date: 15-Feb-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
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